

1 THE SEABROOK ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF
2 SEABROOK MET ON THURSDAY, JANUARY 18, 2018 AT 7:00 P.M. IN THE
3 SEABROOK CITY HALL COUNCIL CHAMBERS, 1700 FIRST STREET, SEABROOK,
4 TEXAS TO CONSIDER, AND IF APPROPRIATE, TAKE ACTION WITH RESPECT TO
5 THE AGENDA ITEMS LISTED BELOW.

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7 BOARD MEMBERS PRESENT:

8 PAUL R. DUNPHEY (exc. absence)	PRESIDENT
9 TERRY CHAPMAN	VICE-PRESIDENT
10 GARY BELL	TREASURER
11 ERNIE DAVIS	SECRETARY
12 GLENNA ADOVASIO	COUNCIL REPRESENTATIVE
13 THOMAS KOLUPSKI	MAYOR
14 KEVIN FERGUSON	MEMBER

15
16 ALSO PRESENT WERE:

17 GAYLE COOK	CITY MANAGER
18 STEVE WEATHERED	CITY/EDC ATTORNEY
19 PAUL CHAVEZ	DIRECTOR OF ECONOMIC DEVELOPMENT
20 PAT PATEL	EDC ADMINISTRATIVE ASSISTANT

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22 EDC Vice-President Terry Chapman called the meeting to order at 7:00 p.m. and declared that a
23 quorum was present.

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25 **1.0 PUBLIC COMMENTS AND ANNOUNCEMENTS**

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27 There were none.

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29 **2. SPECIFIC PUBLIC HEARINGS**

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31 **2.1 Conduct public hearing on notice of project of the SEDC relating to incentives for**
32 **Fay & Fay Properties, LLP for new waterfront restaurant. SEDC is proposing to expend**
33 **SEDC sales tax funds as an incentive to assist the retention, relocation, construction and**
34 **improvement of a new waterfront restaurant by Fay & Fay Properties, LLP, on the north**
35 **bank of Clear Creek on the previous site of Regatta Inn and Sundance Grill, ("Project"),**
36 **including funding of certain administrative expenses and other related costs incident to**
37 **placing the proposed Project into operation. SEDC funding will be pursuant to approved**
38 **Project plans and conditions imposed in a performance agreement providing a total**
39 **potential funding by SEDC in an amount not to exceed \$127,370.80 for construction of**
40 **additional parking, dock, and enhanced landscaping.**

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42 EDC Vice-President Terry Chapman opened the public hearing at 7:01p.m.

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44 No comments were made during this Specific Public Hearing.

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46 Mr. Chapman closed the public hearing at 7:01p.m.

2.2 Conduct public hearing on notice of project of the SEDC relating to incentives for Mario's Pizza, Inc. for the retention, relocation, construction and improvement of a restaurant owned by Mario's Pizza, Inc. 1304 Bayport Blvd, to be relocated at 2100 E. Nasa Parkway, Seabrook, TX 77586, ("Project"), including funding or certain relocation expenses, reimbursement of specified SEDC tax paid, and other related costs incident to placing the proposed Project into operation at its new location.

EDC Vice-President Terry Chapman opened the public hearing at 7:02p.m.

No comments were made during Specific Public Hearing

Mr. Chapman closed the public hearing at 7:02p.m.

3. PRESENTATIONS

3.1 EDC Director's report on economic development activities for December 2017. (Chavez)

- Follow up with businesses on SH146 – December was a very busy month
- Several new prospects – new convenient store, coffee shop, art gallery, light warehouse developers, brewery pubs and deli prospects
- Economic Alliance annual banquet will be held Thursday, February 8 – the business of the year Hampton Inn will be there
- Monthly EDC budget – spending money and EDC projects moving forward
- Washington D.C. trip for Economic Alliance will be March 19-21, 2018 – item will be on February meeting to nominate a board member to go
- (BAHEP) Bay Area Houston Economic Partnership annual banquet will be held Friday, January 26, 2018 at South Shore Harbour

4. EXECUTIVE SESSION

4.1 Section 551.071

Consult with attorney to receive legal advice on legal issues associated with request for financial incentives from business prospect as provided under Texas Government Code 551.071.

4.2 Section 551.087

Discussion regarding commercial/financial information received from business prospect the City/EDC seeks to have locate, stay, or expand business in City and deliberate offer of incentive to business prospect in closed session as provided under Texas Government Code 551.087.

The EDC Board went into Executive Session at 7:06 p.m.

5. OPEN SESSION

5.1 The EDC Board will reconvene in Open Session to allow for possible action on the agenda items listed above under "Executive Session."

The EDC Board reconvened at 8:33 p.m.

No action was taken during Executive Session.

6. NEW BUSINESS

6.1 Consider and take all appropriate action on approval of Economic Development Agreement between the Seabrook Economic Development Corporation and Mario's Pizza seeking EDC sales tax funds as an incentive to assist in the retention, relocation, construction and improvement of a restaurant owned by Mario's Pizza, Inc. 1304 Bayport Blvd, to be relocated at 2100 E. Nasa Parkway, Seabrook, TX 77586, ("Project"), including funding or certain relocation expenses, reimbursement of specified SEDC tax paid, and other related costs incident to placing the proposed Project into operation at its new location.

EDC Director Paul Chavez explained to the Board that Mario's Pizza submitted their site plan for the agreement and this would be included in the final incentive agreement with Mario's Pizza. He stated that tonight the board would be approving the site plan for inclusion in the incentive agreement. Mr. Chavez stated that a motion was not necessary but referred to the City Attorney for advice.

EDC Secretary Ernie Davis clarified that since the project that the board previously voted on and approved was conditional upon approval of site plans that it was probably best if there was a motion to approve the site plans. City Attorney agreed that a motion was needed for approval.

Motion made by EDC Member Kevin Ferguson and seconded by EDC Treasurer Gary Bell.

To approve the site plans as presented.

MOTION CARRIED BY UNANIMOUS CONSENT

6.2 Consider and take all appropriate action on an incentive application filed by BlueLine Rental located at 2626 Bayport Blvd., Seabrook, Texas seeking EDC sales tax funds as an incentive for storefront façade improvements, demolition, and structural building modifications estimated to cost at least \$450,000. (Chavez)

BlueLine Rental environmental and construction representative Cliff Eckberg made the following presentation:

- BlueLine Rental is one of the largest providers of rental equipment services in North America. Currently BlueLine has approximately 120 locations across the US, Canada, and Puerto Rico, with one of the youngest fleets in the industry
- Local Seabrook team consists of 13 employees
- Existing floor plan – front facing façade with entrance to showroom
- Demo Plan – the 30ft setback comes into the building – affects current parking, storefront showroom, storage...etc.
- Proposed new floor plan – new entrance on side – new ADA requirements – plan of what will remain of the existing building – not adding on to the building, just reconfiguring what's left of the remaining building – major impact would be to the showroom so basically cutting off 23 feet and then reconfiguring the showroom to the left side entrance
- Scope of Work: Demo – demo the front 23 feet of the existing building to the setback line to include saw cut slab, cut metal structure, roof and remove the store front glass
 - Demo the current restrooms due to ADA requirements
 - Demo both corridor walls due to ADA requirements
 - Demo the existing breakroom cabinets, stove top, microwave, and refrigerator due to ADA requirements.
 - Demo the front customer parking due to the 30 ft setback
 - Demo the existing wrought iron/brick fencing
 - Demo the existing flag pole & relocate it
 - Demo the existing exterior signage
- Scope of Work: Remodel – reconfigure the left side to create a new showroom with sales counter and credenza
 - Construct new ADA restrooms
 - Construct new ADA breakroom
 - Construct two new ADA corridors
 - Install new ceiling grid and lighting throughout the new office/showroom
 - Install new HVAC system
 - Install new structural red iron on the front of the building with new roof trim, gutters and storefront
 - All electrical reconfigure required for the remodel
 - Install new flooring throughout the office/showroom area
 - Relocate the current ice machine
 - Rewire all new phone/data to the sales counter and office/showroom
 - Install new 3'0 doors in restroom, breakroom exit doors to conform to the ADA requirements
 - Install landscape requirements
 - Install new wrought iron/brick fencing
 - Restripe new parking with ADA space
 - New ADA signage
 - Install 2 new pylon signs

- Financial Summary – the total project cost is estimated at \$500,000 for the demo, slab, site work, structural rebuild, façade rebuild, store front, ADA requirements related to the remodel. Demo \$75K, ADA \$65K, Remodel \$360K includes civil/architectural plans, slab, site work, structural rebuild, façade, store front, interior remodel and fencing.

Incentive request: 50% reimbursement for the construction cost estimated at 500K, 100% waived cost associated with permitting, 100% reimbursement for City sales tax over 10 years and 100% reimbursement for City sales tax over 10 years and 100% participation on the landscaping cost.

EDC Board members asked Mr. Eckberg the following questions:

- What is the current lease term?
We had at the time about when we started this about 4 years remaining on our lease, and so now we're about 3 years remaining on the initial terms, so we had to go back and renegotiate those (2) five year options to give us time to spread this entire project.
- Does your lease have a buildout allowance?
No. We are bearing the cost of our remodel and buildout.
- Was the building owner reimbursed for the cost of the demo by TXDOT?
The owner received some money. But if we left then they would've had to demo the building. Being a tenant means you're on your own. We are not getting anything from TXDOT. The only thing they will compensate us for is actual moving costs. The cap is at \$40,000 strictly based on whatever moving expenses you have.
- The building owner, whose been compensated by TXDOT, was not interested in demolishing 23feet of that building?
They were planning on taking the TXDOT money and selling the property which was their initial plan. So they entered into negotiations with us to add options to our lease.
- Have the negotiating options on the lease been signed?
Yes the lease has been signed and executed.
- When a building is being impacted by SH146 requires partial demolition, does TXDOT require the entire structure to come down?
Mayor Kolupski: TXDOT is not touching the demo on this site. It's the 30ft setback line that is requiring the demolition to be necessary.
Gayle Cook: if the TXDOT line touches the building then TXDOT will compensate automatically for the whole building.

EDC Secretary Ernie Davis stated that BlueLine Rental has been a very valuable member of the Seabrook business community for several years and that the EDC is very interested in retaining their business. The EDC has been trying to be consistent with their incentives and have done incentives for a number of other businesses. He explained that EDC has not provided 10 years reimbursement to any business in Seabrook and therefore it would be best to be consistent with what other businesses have received in terms of sales tax reimbursements.

Motion made by EDC Secretary Ernie Davis and seconded by EDC Treasurer Gary Bell.

To make motion that the EDC provide an incentive to BlueLine Rental equal to 50% of the non demo construction cost (\$425,000) which would be \$212,500 reimbursable upon presentation of actual receipts and after issuance of Certificate of Occupancy permit, as well as a 50% reimbursement of EDC sales tax for five years with a cap of \$65,000.

Total approved incentive of \$212,500 plus \$65,000 would be \$277,500.

MOTION CARRIED BY UNANIMOUS CONSENT

6.3 Consider and take all appropriate action on an incentive application filed by International Signature Bistro located at 3659 Nasa Parkway, Seabrook, Texas seeking EDC sales tax funds as an incentive for storefront façade improvements and new building construction/improvements estimated to cost at least \$180,000 (Chavez)

Signature Bistro restaurant owner, Lewis Keim, made the following presentation:

- Signature Bistro previous home of the Cock & Bull British Pub restaurant
- International Signature Bistro previously located at 1918 Nasa Parkway (near Hooters)
- Would like to upgrade the whole strip center, not just Signature Bistro
- Current property owner: the owner of this strip center is an absentee owner located in New York.
 - Incorporated into the lease agreement and in anticipation of this grant-written permission has been granted under the terms of the lease. The lease is for 5 years with an option to extend for 5 more years.
 - A purchase option for property and a right first refusal was also included
 - Since the exact amount of owner participation, grant amount, total projected cost, tenant participation varies no attempt has been made to solidify owner participation.
 - Written consent from Owner: owners supports the beautification project being initiated by Lewis Keim of ISB Enterprise, LLC
 - Property owner permission built into lease agreement – with landlords approval the tenant shall have permission to do the following: (1) redo the front of the building and apply for a grant from the City (2) Install awnings on the front and side of the building (3) Install a patio on the front side of the building (4) Install tenants LED sign on the building or existing pedistall
- Design philosophy is to replace the red flag paint job with a modern 2 earth tone paint scheme, add decorative awnings on the front and side, and add perforated metal with back lighting to accentuate the building. A large patio will be added to the front of the building and landscaping and patio accents will bring life to the front of the building.
- Working with the owner of the strip center and individual lease spaces business owners, Signatures will manage the beautification of the entire strip center, specifically the front and the parking lot side of the building

- Since this is a tenant inspired project, are requesting maximum grant participation percentage
- Employee count at whole strip center: total 58, total of 20 employees for Signatures
- Current lease dates from August 2016 to July 2022
- Incentive Request: 100% waiver of building permit fees, 100% Sales tax rebate for 4 years, 100% façade improvement & landscaping costs of whole strip center,

EDC Board members asked Mr. Keim the following questions and/or expressed the following concerns:

- How many tenant spaces does the building have? And how many spaces are vacant?
There are 5 tenant spaces with 1 vacant space. If the strip center was upgraded it would be a lot more appealing to rent out.
- If a new owner comes in and wants to change the façade, then he has the right to do what he wants. Meaning if the EDC incentivizes this project it could change tomorrow.
- Challenge with this request is that this request is asking for incentives for portions of a structure that is not within the control of the person asking for the incentives
- Tenant has no legal standings on the other portions of this building
Per the highlighted portion of the lease, I am allowed to paint that building, the entire building and this was built in the lease.
- Board member: uncomfortable with moving forward till it's clear that the four highlighted special provisions listed in the lease are for the entire building or just for Signature Bistro alone.
Mr. Keim: There is a letter from the owner supporting the project in its entirety.
Board member stated that the letter is not legally binding. Concerned with Mr. Keim making changes to portions of the building that he does not own or does not lease.
- Very supportive of the project, but there is not a clear understanding that you (Mr. Keim) have legal authority to modify the appearance of the building on portions that you do not lease and do not own.
- Other tenants would also be involved with the decision on what's being done with the building. Has the landlord approved the drawings and submittals? Have the tenants all agreed to what's being done?
Part of what was told to the tenants was that if a business wanted to put their own sign on the bottom of the awning, they would be given that opportunity to do so. They were told that they may have to pay for their own sign. The reason any verbiage was in there allowing them participation was (1) thought it would be good that everybody is participating in this effort and (2) the verbiage was there to allow them leeway to get something on the awning that is beneficial to them, like the name of their own business sign.
- Would it benefit you in any way if this board decided to agree to just what you need to redo for your restaurant, as opposed to the entire strip center?
That was the original thinking when the first application was submitted. But last set of questions was "are you going to do the parking lot?" so this presentation included that. I can just modify my side of it if that's decided.

- So the money granted would go to the landlord? Who is the applicant then? Who is the EDC going to enter into a contractual agreement with?

Per City Attorney, the owner would be the applicant and therefore EDC would enter into an agreement with the owner of the building.

EDC Board agreed that since the agenda item stated that Signature Bistro was the applicant, then this item should be dropped from the agenda and revisited and reposted with the correct owner applicant information.

City Attorney stated that he needed to see the leases of all the other tenants in the building along with their legal descriptions.

7. ROUTINE BUSINESS

7.1 Approve minutes of the December 21, 2017 regular EDC meeting. (Patel)

Motion made by EDC Member Kevin Ferguson and seconded by Council Representative Glenna Adovasio.

To approve the minutes as presented.

7.2 Update on SH 146 expansion.

- No new updates at this time

7.3 Establish future meeting dates and agenda items.

Economic Alliance annual banquet will be held February 08, 2018, therefore it is necessary to move the regularly scheduled EDC meeting to another date.

To move the regular EDC meeting date change from February 08, 2018 to new meeting date for February 22, 2018 at 7:00p.m.

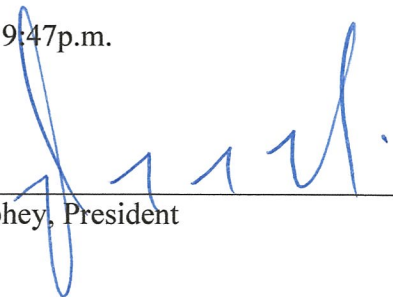
Board agreed to next meeting date of February 22, 2018.

Upon motion duly made, the meeting was adjourned at 9:47p.m.

APPROVED ON THE 22TH DAY OF FEBRUARY 2018.



Pat Patel,
EDC Administrative Assistant



Paul Dunphey, President